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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 000157

SIPDIS

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TAGS: [ECON](#) [EFIN](#) [ELAB](#) [EINV](#) [PGOV](#) [PREL](#) [VE](#)

SUBJECT: VENEZUELA: LABOR UNREST TURNS DEADLY

Classified By: Economic Counselor Darnall Steuart for reasons  
1.4 (b) and (d).

¶1. (C) Summary. On January 29, police in Anzoategui state, enforcing a judicial order obtained by Mitsubishi, entered the Mitsubishi automotive factory, which had been taken over by union workers on January 12. A melee ensued, leaving two workers dead and several workers and two police officers wounded. Expressing outrage for human rights violations against the workers, both Anzoategui Governor Tarek Saab and the Venezuelan National Assembly announced investigations of the incident. Six police officers have been arrested in connection with the incident, although formal charges remain unknown. Rival pro-Chavez unions vying for control of lucrative kickbacks from car dealers for expedited delivery of vehicles spurred the factory take-over, according to a prominent labor analyst. End Summary.

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Labor Unrest at the Mitsubishi Factory  
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¶2. (SBU) According to press reports, on January 12, automotive workers occupied the Mitsubishi assembly plant in Barcelona, to protest the dismissal of some 135 contract workers. The contract workers, employed by a third party for maintenance and cleaning work, were left without jobs when Mitsubishi and the third party ended their business contract. The Mitsubishi workers then occupied the factory and demanded that Mitsubishi hire the dismissed contract workers. The Mitsubishi workers appealed to the Venezuelan Ministry of Popular Power for Labor to intercede with Mitsubishi's management to push for negotiations. Press reports also indicate that the Mitsubishi workers have lobbied for the nationalization of the factory to solve their ongoing labor issues.

¶3. (SBU) According to local press reports, on January 29, state police, executing a judicial order to displace the occupying workers, cut the chains on the door to the factory. A melee ensued and gunshots were fired, leaving one Mitsubishi worker and one autoparts worker from Macusa dead, and wounding six workers and two police officers. Anzoategui Governor Tarek William Saab, a former human rights lawyer, was embarrassed by the incident and announced an immediate investigation into the incident. (Note: In 2005, Tarek Saab issued an order that prohibited police officers from carrying firearms when breaking up labor disputes.) On February 2, six police officers were arrested in connection with the deaths and approximately fifty police officers remain suspended. The Venezuelan National Assembly (AN) also launched an investigation into the incident in the context of human right violations, and Barcelona community councils announced marches in defense of workers' rights. Despite calls for solidarity by Mitsubishi workers, employees of Ford

and GM refused to paralyze their factories' operations. However, employees of the Toyota plant in Cumana joined in the February 3 march by Mitsubishi employees to the regional headquarters of the Supreme Court and the Governor's office.

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The Story Behind the Headlines  
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¶4. (C) On February 2, Rolando Diaz, a prominent Caracas labor analyst, told EmbOffs that the root cause of the employee take-over of the Mitsubishi plant was a turf battle between pro-Chavez unions. According to Diaz, the union that controls the auto factory also controls the lucrative kickbacks received from car dealers. For example, he said, in exchange for expediting car delivery, the dominant union will request a fee of up to 20,000 BsF (approximately 9,300 USD at the official exchange rate of 2.15 BsF per USD) per car from the car dealer. Car dealers, facing decreased national auto production and import quotas, have little choice but to pay the kickback to the union and pass the added cost to the consumer. Consumers may have to wait six months to two years for a new 2008 model car if they do not pay to "expedite." (Note: 2009 model year vehicles are not currently available.)

¶5. (C) According to Diaz, two rival Chavista unions operate within the Mitsubishi factory. The larger union counts 1800 workers among its membership and the smaller union, which is aligned with a former Labor Minister, has approximately 300 members. With respect to the January 29 events at the Mitsubishi factory, Diaz explained that both the union

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workers inside the factory and police officers were armed. Apparently, he said, the union workers attempted to kidnap the judge accompanying the police officers, at which point the gunfire started. Diaz compared the labor unions to rival Mafias fighting for control of a territory. Management, he said, turns a blind eye to the kickbacks to avoid production halts due to labor unrest.

¶6. (SBU) In addition to seeking control over distribution, the car assembly unions negotiate labor contracts with the companies that include the delivery of free automobiles to the unions. According to press reports, the Socialist Union at General Motors in Valencia is unhappy with the fifty-seven compact cars it received in December and wants one hundred and thirteen trucks instead. The union has threatened to shut down the factory on Saturdays, which would decrease production by two hundred and sixty automobiles annually.

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Comment  
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¶7. (C) While local news reports have framed the shoot-out at the Mitsubishi factory as a struggle for workers, rights, competition between two pro-Chavez unions for control over car distribution and associated kickbacks appears to have been at the root of the factory take-over, as well as the effort to obtain the judicial order to dislodge the auto workers inside. Violent union turf battles, particularly in the construction sector, led to approximately 200 killings in 2008, according to local media reports. President Chavez has attempted unsuccessfully to unify and subordinate pro-government unions to his United Socialist Party of Venezuela (PSUV). Instead, fractious pro-government and opposition unions continue to compete aggressively against each other and even among themselves not so much for ideological reasons, but rather for control over workplaces - and personal enrichment opportunities. Such competition is likely to become even more pronounced - and violent - against a backdrop of significant, expected economic challenges in

¶2009.

CAULFIELD